

FISCAL IMPACT STATEMENT ON BILL NO. **S.82**

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TO: The Honorable Glenn McConnell, Chairman, Senate Judiciary Committee  
FROM: Office of State Budget, Budget and Control Board  
ANALYSTS: Torina Wood, Rodney Grizzle, and Beth Campbell  
DATE: January 31, 2007 SBD: 2007040

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AUTHOR: Senator Malloy PRIMARY CODE CITE: 15-85-10  
SUBJECT: South Carolina False Claims Act

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ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:  
A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:  
A Cost to Federal and/or Other Funds (See Below)

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**BILL SUMMARY:**

The proposed Bill amends the Code of Laws of South Carolina, 1976, by adding Chapter 85 to Title 15 so as to enact the "South Carolina False Claims Act" providing for definitions of certain terms, liability for false or fraudulent claims under certain circumstances, procedures for civil actions for false claims, the procedure and contents of civil investigative demands, and creating the State False Claims Act Investigation and Prosecution Fund.

**EXPLANATION OF IMPACT:**

Judicial Department

The Department indicates this Bill will have a minimal impact on the General Fund of the State, which can be absorbed by the agency at the current level of funding.

Adjutant General's Office

The Office reports that this Bill would require 3 Attorneys, 2 Auditors and 2 Paralegals at an annual cost to the General Fund of \$124,550 and an annual cost to Federal Funds and Other Funds of \$292,253 for salaries, fringe and other operating expenses. The Federal and Other Funds would consist of Federal Medicaid Grant Funds and court-awarded Medicaid Settlement Funds.

Department of Health and Human Services (DHHS)

The Department anticipates enactment will have no impact on the General Fund and a net minimal impact on Federal and/or Other Funds. Currently, all recoveries associated with false claims in the Medicaid program are returned to the DHHS (other funds) to be used to draw down additional federal matching funds. Recoveries associated with false claims in the Medicaid program currently average \$2.3 million each five year period (\$460,000 annually). Section 15-85-130 states all proceeds of an action pursuant to this Act must be deposited in the State False Claims Act Investigation and Prosecution Fund. The funds are to be distributed to the Attorney General and plaintiffs. However, any fund balances related to the Medicaid program after those disbursements are to be transferred to DHHS. As a result DHHS anticipates a net minimal impact on the agency depending on the level of awards to plaintiffs and the overall volume of lawsuits pursuant to enactment.

Approved by:



Don Addy  
Assistant Director, Office of State Budget